

BRYMNER, Douglas

COMMERCIAL UNION,

A STUDY.

BY

A QUEBEC LIBERAL.

HF 3218
U5
C6

HF 3218

U5

C6



CANADA

NATIONAL LIBRARY
BIBLIOTHÈQUE NATIONALE

COMMERCIAL UNION.

A STUDY.

BY A QUEBEC LIBERAL.

"Flogging and fondling! Sugar and the stick! Starving and stuffing! That's the way we train the animals to show off their paces." This infallible method has been adopted by the United States towards Canada, and the processes of taming and training for exhibition in the great moral show of the universe are now going on simultaneously, the whip being wielded by one set of trainers, the sugar held out by another, until it is believed, that overcome by the united influences, Canada can no longer resist the force of blandishment and bludgeon, but that she will yield willingly to the wiles of her enslaver. To this end the Gloucester fishermen are encouraged to encroach on our fishing grounds, and we are accused of brutality if we venture to oppose them. By virtue of the Washington Treaty our fish were admitted free, but the tins to contain the canned fish were taxed at a rate sufficient to make up the relinquished duty. Notwithstanding that fresh fish for "immediate consumption" are admitted free by the United States tariff, fresh fish from Canada, packed in ice to preserve them in transport, are charged with duty on the pretence that this packing in ice is a method of curing; the most harassing regulations have been enforced against our lake steamers; workmen are hindered from going to their employment under various pretexts; Canadian contractors are, by new and vexatious regulations, prevented from fulfilling their contracts in the United States. Every frivolous pretext is made use of to worry and annoy Canadians in pursuit of their legitimate business. The flogging part of the process has been actively employed without bringing us a bit nearer to the frame of mind which would drive us to seek admission into the sheltering arms of the neighbouring republic.

To men of any spirit, to a people with the slightest spark of self respect, it is inconceivable that any nation, no matter how powerful, could coerce any people, no matter how weak, into seeking for absorption for the sake of escaping annoyance, or with the delusive hope of gain. Is Canada so helpless as might be inferred from the continuance of such tactics on the part of the United States? It is true that there are always men on the fringes of such a population as ours, who are actuated by no other motive than the love of gain; men who have come here with no fixed determination to become a portion of the resident population, or to make it a home for themselves and their children. If they can make money here, good and well, no matter what the cost may be to the country; if not, they strike their tents without regret, and pursue their nomadic course to other pastures, where they may hope to

live more easily and to collect heavier fleeces from the flocks amongst which they may choose to dwell for the time being. Often, being men of oily address and fluent tongues, they can lead away the young and the unthinking, whether these be young or old. The tendencies which made possible the success of the South Sea Bubble, the Mississippi scheme, the railway mania, are not yet extinct. The schemes and the men who manipulate them change, but the same desire remains to be pandered to—the desire to make money easily, which, appealing to a certain section of the population, gradually permeates all society, until the crash comes, leaving behind widespread ruin and desolation.

In dealing with the *ignis fatuus* of Commercial Union, little would require to be said were the people left to exercise their own sound judgment. We Canadians are proud of our country, we have a noble heritage; our progress has been solid and substantial and we believe that there is room on the northern part of this continent for two communities to grow up side by side, each having its own system of government, each running its course according to the bent of its own constitution. We Canadians, in our sober, steadfast way, believe that we may, nay must, become a powerful community, not perhaps so showy and brilliant as our immediate neighbours, but most assuredly as sensitive to the honour of our country; as keenly alive to what should constitute its highest interest, which is not the sordid hope of immense gains, to be made by a scramble for wealth on the Stock Exchange or by gambling in wheat speculations. But these are precisely the motives appealed to by the advocates of Commercial Union: "You cannot," they say, "get reciprocity; the United States will never grant you that precious boon, but enter with us into Commercial Union; leave to us the care of your financial concerns; we can at Washington fix the duties and collect them through our officers, appointed, if it so please you, by your own officials, no longer entitled to be dignified by the title of a government; but by whomsoever appointed, we shall take care they are controlled from Washington. You are now part of a great empire, yet have complete control of your own financial affairs, uncontrolled in the framing of your tariffs, and, except in name, at perfect liberty to make your own treaties, in doing which you are strengthened by the support of Great Britain, which makes the treaties nominally, but only as you wish, and enforces them by her influence and power. Give up that connection and make money by commercial union with us. We will control your tariffs; we will make your treaties; we will save you from blundering and extravagance in the disposal of your revenues. Become our vassal, and give up all foolish ideas of managing your own affairs. You will find it much easier to trust to our tender mercies than to strive and struggle against manifest destiny."

It may seem strange (although admitting of explanation) that the crusade for a Commercial Union should be inaugurated when the most brilliant prospects are opening of an enlarged and continually expanding foreign trade. The Colonial Exhibition of 1886 placed in evidence before the civilized world, and notably before the sister colonies, not only the immense natural resources of Canada, but the almost incredible progress she has made in arts and manufactures. From the attractive, if untutored, leather, birch and bead work of the Indian nations, to the modern school of painting and

sculpture; the most ingenious machinery, for domestic use, for the farm, for the workshop, for the steamship, for the railway—everything was there ready to be used at home or sent abroad. Textile fabrics suitable for use anywhere or everywhere, the finest fruit, the best flour, in a word, everything required by other countries to supply them with food, clothing or shelter. The result has been to raise a desire to trade directly with Canada on the part of other countries that have hitherto, in the case of many articles of commerce, dealt entirely with the United States. Then the extension of our railways, the enlargement of our canals, and the improvement of our harbours, have threatened to divert from the United States much of the carrying trade to the possession of which they have always laid claim.

It is to the dread of the rapid expansion of Canadian trade, commerce and industry, to the detriment of the commercial community of the United States, that we must look for the cause that has led to the present agitation for commercial union, which is purely American in its origin, supported by *quasi* Canadians whose interests are, in reality, bound up with those of the United States. If ever there was a question of policy that demanded the calmest consideration and the most dispassionate judgment, it is the one now before the country. On its decision may depend the fate of Canada; her whole existence may be at stake, and the question of whether we are to rule ourselves or to be ruled from Washington determined. Cover up and conceal the effect of commercial union as far as can be done by artful phrases, that is the question to be settled. In such circumstances it might be thought that, in so extreme a crisis, faction and party spirit would be banished from the minds of all except the unreasoning. But, unfortunately, there are already symptoms that this all important question is about to be regarded from a strictly party point of view. One side affects to treat it with indifference; the other declares that the very air is full of it, and that there will be no cessation of agitation until the measure is carried.

How far is this latter statement correct? That there is a good deal of noise admits of no doubt, but what is the depth of feeling and how much is there of reality? A close investigation leads to the belief that there is more sound than substance in its advocacy. A little story, after the manner of the late President Lincoln, may be introduced here, not inappropriately. "Two young men camping on a western prairie one evening were alarmed by the fearful howling of wolves. From their camp, as from a centre, the air to the very verge of the horizon on all sides seemed to be filled with the appalling sound, the very heavens re-echoed the howling of the innumerable wolves that must have been assembled to produce such a volume of hellish discord. Tom, one of the young men, who had lived in a Western State where wolves were not uncommon, asked Jim, who had never seen one, to accompany him to drive away the pack. With fear and trembling Jim followed, ready to fly at the first moment, yet ashamed to show his terror. As they approached the focus of the storm of sound, Jim was asked how many wolves he thought were about them. Seeing that his companion treated the matter lightly he made a guess at what he thought a ridiculously small number—twenty or thirty. Passing round a bush, they discovered two miserable coyotes—Goldwin Smith and Erastus Wiman."

As these are, in reality, the two most prominent advocates for Commer-

cial Union, whose howling is reechoed by a certain class of journals, and taken up by a few broken down and discredited politicians, it is not unfair to look to their past history.

The first political act of Mr. Goldwin Smith was the publication of a series of letters in the London *Daily News*, advocating the severance of all ties between the mother country and the rest of the empire. His arguments, briefly stated, were that the United Kingdom of Great Britain and Ireland should isolate itself from all interests apart from those which might centre in the two islands and the smaller ones which lined its coasts; that colonies were a source of cost, danger and annoyance; and that the islanders could make more money without than with them. In short they were to be mere money making machines, and plethoric with wealth, were to become "Like the dull weeds that rot on Lethe's shore."

A chance expression used by Disraeli in his "Lothair," respecting a "social parasite," was applied by Goldwin Smith to himself, and it became to him like a shirt of Nessus, his inordinate vanity supplying the materials for the consuming wound to his self-conceit. Leaving England, where, he declared, there was not enough of liberty for a man of his quality, he came to the United States, which he soon left, averring that he could find no liberty there at all. No sooner had he reached Toronto, than he set to work to excite a desire among Canadians to become annexed to the United States, a country which, by his own account, was not good enough for him, but was very well suited for the inferior clay of which Canadians are composed. He is a man without either home or country. It is true he has a comfortable house; but walls, roof and furniture cannot make a home to a man who is content nowhere. He lives in this country, but he takes no pride in it; has no regard for its honour; looks upon it as a mere resting place, and would leave it to-morrow without one pang.

What is the secret of his utter and entire failure as a public teacher? He is a polished writer; uses the language with an ease and grace that are exceptional. Yet he convinces no one; he has been able to form no school of the Prophets, each member of which would look to him with reverence and hang on his words of awful truth. How is this? Men far inferior to him in attainments have gathered round them devoted and enthusiastic followers. But these men had beliefs, faith, strong convictions, to which they held, rightly or wrongly, and in which others believed, attracted by the earnestness of their teachers. Goldwin Smith apparently believes in nothing, not even—so far as can be judged by his whirligig course—in himself. He is a perfect master of fallacy; assuming as axioms statements which require the most rigorous demonstration, and building upon unwarranted assumptions a superstructure whose foundation is worthless. Such a course imposes for the time on those unaccustomed to follow closely a train of reasoning; but even they discover before long the trick of argument, although they may not be able to lay their finger on the weak spot containing the fallacy itself. It is not necessary to believe that in thus acting Mr. Smith is consciously dishonest; he, no doubt, means well, but the misfortune for himself and for the country is, that he does not always know what he means. His letters on commercial union have, we are informed by cable, excited intense interest in London. It may be so; but it would be very unsafe to take this for granted

on the strength of a cablegram received through the channel of the American Associated Press, and specially prepared to suit the tastes of American readers.

The other—Erastus Wiman—is of a different stamp. He has little knowledge of books; but knows a good deal of men from the seamy side. Beginning life in a humble position, he entered in a subordinate capacity into the employment of Dun & Co., and made his way steadily from position to position until he became a partner, the firm taking the title of Dun, Wiman & Co., a Commercial Agency. The business is not one held in distinguished honour amongst the mercantile community, although no doubt, it has its use, like scavenging or chimney sweeping. Mr. Wiman belongs to a class which is a standing danger to the interests and prosperity of Canada. He is one of those Americanized Canadians who are ready to second the schemes and carry out the plans of American speculators, and who, posing as the true friends of Canada, can succeed in doing what the American could not accomplish. It was from a lower order of this class that the most successful crimps were selected to obtain from Canada the "food for powder" wanted during the war between the Northern and Southern United States; the same class furnish the American land speculators with emigration agents to induce Canadian emigrants to take up lots in the fertile valley of the Eden, in which the city of that name was situated, two of whose best known citizens were Mr. Martin Chuzzlewit and Mr. Mark Tapley, the high priest being the renowned Scadder, engaged in superintending the sacrifice of the victims brought by these truly good gentlemen, the Americanized Canadian Emigration Agents. Mr. Wiman has, however, been flying at higher game. He has been mixed up with all sorts of business, till he has acquired notoriety if not fame; has his name on boards of directors of various companies; is the leading spirit in the Canadian Club of New York, which has gained him much popularity; he has done a little in the show business, like Barnum, and has managed to get himself talked of. Hence, when the scheme of getting control of our Canadian Telegraph lines was conceived by American speculators, Mr. Erastus Wiman was pitched upon as the man most likely to induce the unlucky shareholders to walk into the trap. The plan was simple: "Sugar and Stick." On the one hand a rate of interest, respectable in amount and regularly paid, would be secured to the shareholders of the Montreal and Dominion Telegraph Co., if they consented to transfer the control of their property to a straw company to be constructed for the purpose. That was the sugar. If they refused, war to the knife would be declared, competing lines built, and such a cutting of rates that utter and complete ruin of the two companies would be the result. That was the stick. The story of the failure to pay the rate agreed on is too recent to require more than a reference; Mr. Wiman, the good genius, stepped in and the amount was paid through his intervention. But for how long will this state of security last? It is evident the best judges of investment have no confidence in the permanency of the agreement, since the telegraph shares, easily disposable at 130 when the bargain was made, are now quoted at something about 90, perhaps a trifle, but only a trifle, higher. It is a very remarkable warning to Canadians to distrust the promises of great gain coming from the lips of Mr. Wiman; to look with doubt upon his highly

wrought descriptions of the wealth and ease that are to be our lot if we only consent to Commercial Union. These prophecies are of the same nature as those made to the telegraph companies; and may—in all probability will—end in the same way. It would certainly appear to be our duty to act a wiser part than the Trojans, and examine carefully the contents of the wooden horse before admitting it within our walls.

This is the course that has been adopted by the commercial community, and, so far as yet known, none of the Boards of Trade, or similar institutions, are prepared to accept the propositions for commercial union. Failing in this quarter, its promoters have tried to set the country against the town, and to secure the farmers' votes by the argument that they have everything to gain by the change of system, and that the objections of the merchants arise from jealousy and the fear of competition from active and intelligent competitors, who would reduce the price of goods to the farmer to his direct benefit on that side, whilst enhancing, to his still greater benefit, the price of the surplus produce of which he has to dispose.

The correctness of the latter statement has been so often and so clearly disproved that it seems unnecessary to waste further words in anew discussing it. But there is one very plausible argument which is deserving of attention. It is stated by some of the farmers, and with perfect truth, that during the existence of the late reciprocity treaty they were able to make money and were prosperous; and, arguing on this ground, it is maintained that if this were the result of a partial treaty how much greater would be the benefit from one of a much more extended, in fact of an unlimited, character, by which unrestricted access would be obtained by the farmers of Canada to the markets of the United States.

On the question of securing higher prices, there may be pointed out for the consideration of the farmers themselves, a consideration they are abundantly able to give it and to arrive at a sound conclusion, the fact that, except under very peculiar circumstances, the agricultural products of the United States come into direct competition with our own in the markets of the world, and that we stand in the position of competitors, not of producers in Canada and consumers in the United States. The fallacy, therefore, of this argument addressed to the very proper desire of the farmer to make as much as he can out of the produce of his field, unburdened by needless restrictions, becomes at once apparent. This is a question, however, which each farmer can think out for himself. The other—that of the advantages of the late reciprocity treaty in enhancing the price of agricultural produce, and thus adding to the wealth and ease of the farmer—presents itself in a little more complicated form to the minds of those who were not actively engaged during that period. Almost a whole generation has passed away since the ratification of that treaty, and to those who were affected by it, the treaty itself stands out prominent, whilst the other circumstances that affected its operation have been forgotten.

Admitting to the fullest extent the statement that during the continuance of the reciprocity treaty, the farmers enjoyed exceptional prosperity, (leaving aside the fact that in some parts of the country the very reverse was the case) it is fair to ask was that prosperity due to the operation of the treaty, or to other causes, coincident with it in point of time, but bearing to

it no other relation? Now it cannot be forgotten that there were two causes at work during the operation of the treaty, which of themselves account for the prosperity of that period. The first of these was the construction of large public works, chief of these being the Grand Trunk and Great Western railways. The first of these extended for 872 miles, over both of the old provinces; the other was 360 miles, altogether within what is now the Province of Ontario. In addition about 640 miles of less important lines were in progress in these two provinces; 334 in Nova Scotia, and 126 in New Brunswick. It is evident that the enormous outlay on these lines and the money poured in from British capitalists for their construction, covering a large part of the time during which the reciprocity treaty was in existence, were alone sufficient to account for the rise in the price of farm produce, even had no treaty been in existence. To this, however, must be added the outbreak of the Crimean war, followed immediately after by the Indian mutiny, both of which, the last in a minor degree, tended to enhance the price of all we had to sell, and enriched the farmers far beyond what they could have hoped under the most favourable conditions, had the treaty stood alone, and unaffected by the circumstances just referred to.

One of the strongest proofs of the inability of the reciprocity treaty to maintain remunerative prices, or to fulfil any single part of the object for which it is to be obtained, is to be found in the history of the period during which it was in existence. In 1857 the Grand Trunk was completed, as was also the Great Western, with the exception of the Komoka and Sarnia portion, which was opened in 1858. The Crimean war had ended some time before, and the Indian mutiny been suppressed shortly after. It was a condition of affairs to test the value of the reciprocity treaty, as a measure tending to maintain equilibrium in prices. It was still in operation and continued so for some years longer. Yet had it the slightest effect in warding off the fall in prices which followed immediately on the cessation of the abnormal expenditure on railway building? Those who passed through that time of distress, stagnation, the complete prostration of every interest in the country, commercial and industrial alike, can remember even yet with a shudder, how powerless it was to avert the ruin that overtook thousands, that left innumerable families destitute, that loaded the farms of the most industrious, careful and prudent, with mortgages, and gave a blow to Canada that appeared to many to be fatal. As a means of removing vexatious restrictions from many branches of trade, a well devised scheme of reciprocity might be of benefit; as an instrument for promoting the prosperity of Canada it has been proved by sad experience to be worthless. Nothing could be more conclusive than the state of affairs in Canada from 1857, until the occurrence of the second cause which assisted so materially in enhancing values and in repairing to some extent the losses sustained during the deep depression that had existed from that date.

Fortunately, for the simplicity of the argument, the reciprocity treaty was in existence from the time the main portion of the railway work was begun until the close of the American civil war, so that, so far as that element is concerned, and it is its effects that are to be discussed, there is no need for theorizing regarding the difference that might have been made under other circumstances. The contention of the upholders of commercial union point

to the good results that followed a partial adoption of the system. But dividing the time during which it continued into two periods, it has been shown that in the first there was a period of inflation arising from enormous expenditures on public works, and the rise in prices due to war, followed by a complete collapse when these causes had ceased, the existence of the reciprocity treaty having no influence either in the rise or fall. In the second period, prices rose enormously owing to the civil war, the withdrawal of so many men from peaceful pursuits having so crippled every industry in the United States that almost all the necessities of life had to be purchased abroad, with the consequent rise in Canada of the price of everything that could be produced or imported. Every branch of business felt the impetus thus given; in towns the stores were filled with Americans purchasing clothing and luxuries that had been imported and had paid duties to the Canadian Customs; farmers could scarcely raise enough to supply the demand; mortgages were removed and wealth flowed into the country, not because of the reciprocity treaty, which was in existence from 1857 to 1860, when there was the greatest distress, as well as in 1861 to 1866, when everything prospered.

But there was one very serious influence, affecting the *permanent* prosperity of Canada, exercised by the reciprocity treaty. It taught us to depend almost entirely on the United States for the sale of our raw materials, the great bulk of our forest products being shipped in a crude state to furnish employment for the skilled labour of the United States. The deleterious influence is shown very clearly by Sir Edward Thornton and Mr. George Brown, in their joint memorandum on "Commercial Reciprocity," presented in 1874. After stating the fact of the industry of Canada having been largely directed to supply the American market for home consumption, *as well as for exportation* (or in other words that we gave the Americans the profits of a trade we should have done ourselves), the repeal of the reciprocity treaty in 1866 rendered imperatively necessary prompt measures to open new markets. Mr. Brown might have added that this should have been done long before, instead of placing ourselves at the mercy of any single customer.

However, he does not, but proceeds to state the measures taken and then gives the result. No apology is necessary for quoting the paragraph in full. The memorandum says:

"Only seven fiscal years have passed since the repeal of the treaty, but already the loss inflicted by it has been more than made up, and excellent outlets in new directions opened for Canadian commerce; with an increasing annual proportion of the vast carrying trade formerly done for the provinces by the railways, canals and steamships of the Republic, transferred to Canadian hands. The traffic between the United States and the provinces at once fell, from an average during the three years before the repeal (according to American official statistics) of nearly \$75,000,000 *per annum* to an average of \$57,000,000 *per annum* during the first three years following the repeal. The act of confederation, too, removed from the category of foreign commerce to that of home consumption, the large interchanges of commodities between the several sections of the Dominion; and the aggregate foreign commerce of the provinces consequently fell in the first year after the repeal of the treaty to \$139,202,615 from \$160,409,455 in the previous year. As will be seen from the following statement, however, the trade of the Dominion speedily recovered from the blow, and the volume of its foreign commerce gradually increased until, in the seventh year from the repeal of the treaty, it reached the great sum (for a people of four millions) of

\$235,301,203—being *seventy-five millions higher than it had ever reached in any year of the treaty's existence.* (Memo: p 13.).

The italics are not in the original, but are used to call attention to the remarkable fact stated by Mr. Brown, which deserves to be carefully pondered by every thinking man.

As to the statement "That we gave the Americans the profits of a trade we should have done directly ourselves," the following passage from Mr. Brown's memorandum is very significant, supporting, as it also does, the statement that we stand in the relation of "competitors, not of producers in Canada for consumers in the United States." The memorandum, in a paragraph having the title "Traffic driven from United States channels," says :

"In regard to wheat, flour, provisions, and other articles of which the United States have a surplus as well as Canada, the effect of the duties upon them has been to send through Canadian channels, direct to the Maritime Provinces, the West India Islands and Great Britain, a vast amount of products that were formerly sold to New York and Boston houses, and shipped to the same markets through American channels. Where two countries alongside of each other have a large annual surplus of the same article, and that article is in a world wide demand, heavy duties against each other can hardly be effective. The stuff will find its way to market by some other route." (Memo: p. 16.)

It would be well if our farmers remembered the effect the round-about trade, put a stop to by the abrogation of the reciprocity treaty, had on their own reputations and revenues. The choicest dairy produce of Canada, her beautiful butter and excellent cheese, were branded as American, while all the miserable culls of striped butter, of all colours and qualities in one tub, were branded as Canadian. It is undeniable that this was the practice, one which not only injured the character of the Dominion at large as a dairy country, but compelled the farmer to take a reduced price for his butter and cheese, so much were Canadian brands distrusted, until a direct trade was organized as the immediate consequence of the repeal of the reciprocity treaty. What assurance is there that under "commercial union" the same game will not be played? Not at first, as Canadian farmers have made themselves favourably known in European markets, but before very long, as the same tactics will most assuredly be resorted to on the first opportunity, and speedily Canadian dairy produce will bear as unsavoury a name as it did whilst we enjoyed the privileges of the reciprocity treaty, the name being one of them, all Canadian fruit disappearing in transit and none being sold in the British markets, where was sold only fine American fruit. Names are things, and our farmers should quietly think out for themselves this very interesting question, now laid before them, which they have been asked to decide at heated conventions, where cut and dry resolutions are submitted to them, on which they are requested to vote without due, or, it may be said, any consideration. Take counsel with the town clerk of Ephesus: "Do nothing rashly."

This counsel is the more necessary in view of the complete change in our financial condition, were such a proposal as that for commercial union to be carried into effect. This aspect of the case has been most skilfully avoided by the advocates of what they are now calling unrestricted recipro-

city, the original name appearing to these gentlemen to indicate too plainly the political effect that would be produced by what they allege to be simply a commercial arrangement. The financial question is of too serious import to be relegated to the unimportant position assigned to it. It is a question which must occupy a very prominent part in the discussion, were other difficulties removed.

By the proposal for Commercial Union all customs duties are to be abolished on goods of all descriptions passing reciprocally between Canada and the United States, being the growth and produce of the respective countries. All goods imported are, on the other hand, to be charged with a rate of duty which must, by the very nature of the agreement, be fixed at Washington, although doubtless a clause may be inserted that the rates of such duties shall be fixed by a mutual arrangement. It is idle to maintain, as will no doubt be done, that by this mutual arrangement no excessive duties can be levied. If Canada attempt to resist the imposition of prohibitory duties on all goods, except those coming from the United States, one of two things must happen: either Canada must submit or the Commercial Union must come to an end in the most disastrous manner for the smaller country, and the disaster will be wide spread in proportion to the extent of the trade done under the new system. The customs returns are significant. In 1886, the total duties collected on imports were \$19,427,397, of which \$6,790,081 were collected on imports from the United States, leaving a balance from the rest of the world of \$12,637,316. In other words, there would be a permanent reduction in our revenue of (in round numbers) seven millions of dollars, were no extension of the trade from which this is derived to take place. But this does not truly represent the loss that would be the result. By the very terms of Commercial Union we are bound down to deal only in one market, that of the United States, and the whole policy of that country is to secure its self-dependence, so that on every improvement in the processes of manufactures, or the introduction of any new branch of industry, duties are levied to protect the manufacturers and to exclude the introduction of foreign products. It is by the policy of the United States in this respect that we would be bound; it is impossible to disguise this fact, it admits of no doubt, far less denial. The deficiency, therefore, in the revenues of Canada from customs would be not simply the seven millions collected from the United States, but the total customs duties derived from all other countries. This may be treated as a rhetorical flourish and ridiculed accordingly, but the statement cannot be set aside by such means, nor its accuracy disproved by such methods. It is the fixed and settled policy of the United States to maintain a protective tariff, increased if necessary to such a point as will act as an absolute prohibition to the admission of such goods as can be manufactured in the United States. Whichever political party may be in power it must maintain the same policy. This being so, and the revenues of the United States having, by means of high duties which reduce but do not prohibit importation, been swelled above the wants of the government of the country, there are only two courses open by which a reduction could be accomplished: the one is so to reduce the customs duties on the bulk of the importations and to add so largely to the free list as to bring down the revenues to an amount commensurate with the wants of the country; or the other, to

increase the duties to such a rate as will absolutely exclude foreign goods, and by this means destroy the revenue now derived from that source. The latter is the plan which finds most favour, and may not impossibly be adopted, unless some very remarkable change take place in the trade policy of the United States, which there is not the slightest reason to expect.

This, then, would be the course we would be compelled to follow were Commercial Union to be adopted, and thus from our total revenue nearly sixty per cent. would vanish "at one fell swoop."

But there is another method by which the revenue might certainly be extinguished, even were the system of prohibitory duties not applied. There is a somewhat important international obligation known as "the most favoured nation clause" by which Canada is bound to admit the goods of all nations enjoying this right, at the lowest rate of duty accepted from any other nation. Without speaking too positively on the subject, preferring to leave the decision of this point to men skilled in that branch of the law, it is a part of the case which should be most seriously and earnestly discussed. Canada is brought face to face with the fact, that by one means or other, the adoption of the proposed Commercial Union would mean at the very outset, the wiping out of nearly sixty per cent. of her income and the complete restriction of her markets to one customer, and of her purchases to one provider.

One astounding fact is to be noticed in connection with the proposal for Commercial Union, and that is, that the journals and men who have given it the greatest support, are those who have heretofore declared that the country has been running to destruction owing to the high duties that have been levied on the importation of such goods as can be manufactured in the country. It is not necessary here to discuss the wisdom or otherwise of what is known as the National Policy. That is a question on which difference of opinion exists. The point now under notice is the very extraordinary course of the men who have expressed their belief in its unwisdom and who have opposed the policy of levying high duties, as one inconsistent with the prosperity and progress of the country, but who now swallow with relish a proposal that is to enforce duties to which those now imposed in Canada are a flea bite. The average customs duties collected in Canada, taking for this the last six years, is 19 per cent. Those in the United States average upwards of 40 per cent. Have the advocates of Free Trade nothing to say on this point? Or is that a crime in Canada, which is a virtue in the United States?

There is another large slice to be taken before long from the revenue of Canada, if the faithful efforts of the party of prohibition can accomplish it. The excise duties derived from wine, spirits and malt liquor amount to the considerable sum of \$3,602,836 annually. Should the demand for the prohibition of the manufacture or importation of liquors become so great that it can no longer be resisted, it might be possible by a re-arrangement of the incidence of taxation to provide for the loss of this amount of revenue. But if to this loss be added that of the customs duties, bringing up the total deficiency to upwards of \$23,000,000, it is difficult to conceive how the amount could be supplied except by a heavy income tax. But the party of prohibition must face another side of this question besides its financial aspect.

By Commercial Union, or, to use the other term, *unrestricted* reciprocity, Canada must admit free of duty all the spirits and malt that can be manufactured in the United States, so that no matter how clearly the law be framed nor how stringent its provisions, Canada would be *compelled* to admit what is known as the "soul destroying poison," at the risk of setting aside the provisions of the treaty of Commercial Union.

Much more might be said on the various aspects of the question, altogether apart from the considerations of the change it would bring about in our political relations. Hitherto we have lived and prospered as a part of the greatest empire the world has yet seen, attached by the silver cords of love to the mother country of which we are proud, whilst feeling a just and worthy pride in that particular portion of the empire to which we more immediately belong. In the early years of her history, after the transfer of the country from French to British rule, mistakes were doubtless committed, but these mistakes arose from a state of political feeling that affected the people of the British Islands as much, if not more, than it did those who left their restricted area and entered into the enjoyments of a larger domain to be cleared, cultivated and rendered fit for the home of an industrious people. Subject to such vicissitudes as pioneers in all times have been exposed to; not always, it must be confessed, ruled wisely from the Colonial Office, Canada has advanced with ever increasing freedom, protected from many dangers by the influence and when necessary, the power of Britain, until she now possesses all the elements of prosperity and has attained to a position to warrant her sons in anticipating a rapidly accelerating rate of progress in everything that can contribute to her spiritual, mental and material welfare. A time may come when circumstances shall dictate the loving and pacific separation of the ties that bind us to the honoured mother land, to occupy the position of a faithful powerful ally, instead of being a portion of the Great Empire. The desire for independence on the part of those who chafe under even the slight remnants of restraint which are imposed by being under the rule of one sovereign, our beloved Queen, has the element in it of a noble, although it must be confessed, a mistaken ambition. But to seek to wrench asunder these bonds, if they can be called bonds, that attach us to the Empire, not to rule ourselves but to become a mere *pendicle* of the United States; and to be ruled from Washington with a rod of iron, instead of being led by the mild sway under which we at present live, does not afford a high evidence of the self-respect or pride of race on the part of those who coolly discuss what would be a national misfortune, whose gravity is almost incalculable. It is impossible to believe that any real Canadians can entertain serious views of annexation to the United States: if there are difficulties to be overcome let us face them like men and "from the nettle danger pluck the flower of safety." Canada has passed through many severe trials; poverty, threatened bankruptcy, hostile tariffs, even war, have fallen to her lot, but she never was in a better position than she is to-day to enter upon a long career of agricultural, industrial and mercantile prosperity, with all the public and social amenities that this implies. But let us once give up the control of our own affairs and what guarantee have we for the future? If we should enter upon Commercial Union, as we are asked to do, on the elusive ground of the

wealth we would gain by it, the first effect would be the reduction by nearly three-fourths of our public income to be made up, nobody can tell how. What would become of our internal improvements? To carry these on must war taxes be imposed, stamp duties on every portable article we use, every sort of device resorted to that the want of the duties we have hitherto received might be made up? Our commerce abroad would cease; the complete ruin of our ship building interests would follow; the farmer, ground down by direct taxation, would bitterly rue (even were the price of wheat raised, which is an impossibility, the price being ruled by the European markets) the day he listened to the promise of the wealth he was to become master of, and find to his sorrow, like the fairy gold, his riches had turned into withered leaves.

But the Canadians are told that the United States would be generous, and that her people do not grudge to help; that if help were wanted it would be given freely. Are Canadians beggars? Do they ask help when they can help themselves? Are they prepared to appeal, cap in hand, to Washington for a trifle to build their railways; to excavate their canals; to improve their navigable waters? Has it come to this, that Canadians can be so insulted, without exciting in them one spark of righteous indignation? The scheme of subjugation has been well planned. The whole telegraphic system has been taken possession of by American speculators; newspapers have been subsidized; deceptive statements have been circulated, calculated to deceive the most intelligent, and to a certain extent an impression has been made. But the true state of the case should be made known. The question should be discussed from all sides. The men of Canada are not yet so lost to their own self-respect and sense of dignity as to abandon the great future which lies before them for the paltry temptation of a mess of pottage, which they would never get, or to accept the situation of poor old Belisarius, the victorious Roman general who, ruined by the jealousy of the Emperor, went from door to door, holding out his old battered helmet with the mournful demand: "*Da mihi obolum.*" Are Canadians prepared to go to Washington, and with mangy fur caps extended, for we could afford no new ones in the days of unrestricted reciprocity, pitifully appeal for a few cents to help them in their difficulties? God forbid!

QUEBEC LIBERAL.